

Message Text

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SUBJECT: FOREIGN SMALL EARTH-STATION TECHNOLOGY ASSESSMENT

REF: STATE 282811

1. PRESENT PLANS. CURRENTLY, THAI GOVERNMENT IS ONLY CONCEIVABLE USER OF SMALL EARTH-STATIONS IN THAILAND, BUT HAS NO PROGRAMS CURRENTLY PLANNED OR UNDERWAY REQUIRING THEM.

2. FUTURE POSSIBILITIES. INDICATIONS FROM THAI GOVERNMENT WERE THAT SMALL EARTH-STATIONS WOULD NOT BE CONSIDERED UNTIL NATIONWIDE DOMESTIC MICROWAVE COMMUNICATIONS SYSTEM CURRENTLY BEING DEVELOPED APPROACHES FULL UTILIZATION. THIS WOULD BE AT VERY MINIMUM SIX YEARS, MOST LIKELY TEN OR MORE YEARS FROM NOW. AT THAT TIME SUPPLEMENTARY NETWORK WITH SMALL EARTH-STATIONS MIGHT BE CONSIDERED IF IT APPEARED MORE ECONOMICAL THAN SIMPLY EXPANDING MICROWAVE SYSTEM. IF SMALL EARTH-STATIONS ENVISIONED AT FUTURE TIME, SATELLITE ACCESS MOST LIKELY BE ACHIEVED THROUGH JOINT EFFORT OF SOUTHEAST ASIAN NATIONS, EACH USING SATELLITE FOR DOMESTIC SERVICE. HOWEVER, GENERAL IMPRESSION GIVEN WAS THAT THAILAND WOULD STICK WITH ITS MICROWAVE SYSTEM FOR THE FORESEEABLE FUTURE. PHILIPPINES AND INDONESIA SAID TO BE MORE SUITED FOR SMALL EARTH-STATION SYSTEMS BECAUSE OF THEIR GEOGRAPHY OF WIDELY SCATTERED ISLANDS.

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3. THAI SUPPLIERS. CURRENTLY THERE ARE NO THAI PRODUCERS OF SMALL EARTH-STATIONS. NONE ARE EXPECTED IN TEN YEARS TIME. LOCAL ELECTRONICS INDUSTRY, WITH ABOUT 20 (MOSTLY SMALL) COMPANIES AND 1500-2000 EMPLOYEES, IS STILL IN ITS INFANCY COMPARED WITH ITS COUNTER PARTS IN JAPAN, SOUTH KOREA, AND HONG KONG. IT PRODUCES MAINLY CONSUMER ITEMS (RADIOS, TELEVISIONS, ELECTRONIC CALCULATORS) AND SOME COMPONENTS, WITH TWO AMERICAN-OWNED COMPANIES NOW PRODUCING INTEGRATED CIRCUITS.

4. FACTORS BEARING ON ACQUISITION OF SMALL EARTH-STATIONS. DISCUSSION WITH RESPONSIBLE GOVERNMENT DEPARTMENT INDICATED THAT NO SINGLE FACTOR WAS CONSIDERED CRITICAL, BUT THAT ANY DECISION WOULD WEIGH THE MOST IMPORTANT FACTORS (QUALITY, COST, DELIVERY SCHEDULE) IN A RATIONAL AND DISCRIMINATING MANNER. FOLLOWING ANALYSIS OF FACTORS BASED ON THAT DISCUSSION MUST BE CONSIDERED SOMEWHAT HYPOTHETICAL SINCE NO PROJECTS HAVE BEEN PLANNED OR EVALUATED:

A. FINANCIAL ARRANGEMENTS QUITE IMPORTANT. EXTERNAL FINANCING WOULD LIKELY BE SOUGHT, PERHAPS FROM EXIMBANK, WHICH MADE LOAN AVAILABLE AT LOW INTEREST FOR INTELSAT EARTH-STATIONS AT SRI RACHA, THAILAND. SOME HOPE EXPRESSED THAILAND COULD FINANCE STATIONS BY ITSELF.

B. POLITICAL CONSIDERATIONS NOT FORESEEN ON ISSUE OF WHETHER STATIONS WOULD BE BUILT OR NOT. THEIR ECONOMIC VIABILITY MUCH MORE VITAL. HOWEVER, IT IS IMPOSSIBLE TO PREDICT WHETHER, IN THE FUTURE, NATIONALISTIC SENTIMENTS MIGHT LEAD TO SOME GOVERNMENT PREFERENCE FOR PROJECT PROPOSALS INVOLVING MAXIMUM THAI PARTICIPATION. MORE COMMON LOCAL COMPLAINT NOW IS THAT PROCUREMENT AGENCIES FAVOR FOREIGN SUPPLIERS THROUGH THE PREJUDICED ASSUMPTION THAT THEY PROVIDE BETTER QUALITY GOODS. MAJOR PROJECTS SUCH AS SMALL EARTH-STATIONS WOULD BE INITIATED THROUGH INTERNATIONAL BIDDING WHICH CURRENTLY GIVES NO SPECIFIC ADVANTAGE TO THAI SUPPLIERS.

C. TOTAL COST OF SYSTEM VERY IMPORTANT, BUT NOT OVERRIDING, FACTOR. QUALITY FACTORS GIVEN AT LEAST EQUAL CONSIDERATION.

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D. GUARANTEE/REPUTATION FOR POST PURCHASE SERVICE AND MAINTENANCE WOULD BE SIGNIFICANT PARTICULARLY IN VIEW OF THE ABSENCE OF A LARGE TECHNICALLY-SKILLED WORKFORCE LOCALLY. ONLY ACTUAL THAI EXPERIENCE WITH SATELLITE GROUND STATIONS HAS BEEN WITH U.S. SUPPLIER OF INTELSAT STATIONS, WHOSE SERVICE AND MAINTENANCE WAS TERMED ONLY "SATISFACTORY."

E. AS THINGS STAND NOW, BALANCE OF TRADE APPEARS TO BE MINOR

POINT BECAUSE OF PROBABLE METHOD OF FINANCING AND THAILAND'S
RELATIVELY STRONG FOREIGN EXCHANGE POSITION AT PRESENT.

F. DELIVERY SCHEDULE RATED AMONG TOP FACTORS.

G. KEEN INTEREST WAS EXPRESSED IN ACQUIRING TECHNOLOGICALLY
MOST ADVANCED AND CAPABLE SYSTEMS. TECHICAL PERFORMMANCE
THUS IMPORTANT CONSIDERATION.

H. RELIABILITY AND MAINTAINABILITY OF SUPPLIERS' EQUIPMENT
MAJOR FACTOR IN ACQUISITION.
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